

STAFFORD COUNTY SCHOOL BOARD
Agenda Consideration


TOPIC: Approval of Resolution to Amend Energy Lease Financing School Board Action of July 11, 2006, to Include Capitalized Escrow Interest in Initial Lease Proceeds

ITEM NO: 3

PREPARED BY: Wayne C. Carruthers,
 Assistant Superintendent for
Financial Services

MEETING: August 2, 2006

ACTION: August 2, 2006

 Gladys M. Gomez,
Director of Finance and Accounting
Department of Financial Services

André Nougaret,
Interim Superintendent

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the attached resolution (Attachment #1) as presented authorizing amendment of School Board action taken on July 11, 2006 Agenda Item 13L and June 20, 2006 Agenda Item 9F with respect to the energy lease financing to include the financing of capitalized interest, resulting in the lease financing of an amount not to exceed \$3,300,000, which includes the costs of the project and capitalized interest.

KEY POINTS:

- At the July 11, 2006 School Board meeting, Agenda Item 13L "Change and Award of Contract: Energy Lease" was approved by the School Board. Attachment #2 includes this agenda item as it contains all relevant information brought before the School Board to date with respect to the energy lease financing, including Agenda Item 9F from the June 20, 2006 School Board meeting.
- McGuire Woods LLP ("legal counsel") notified SCPS Finance Department late in the day on Thursday July 27, 2006 that the existing approval already obtained from the School Board via July 11, 2006 Agenda Item 13L was not sufficient to finalize the transaction because the previous actions taken by the School Board did not clearly authorize the financing of capitalized interest above the \$3,143,898 originally authorized. This all occurred despite SCPS Finance Department's efforts to timely execute the energy lease financing:
 - legal counsel was retained on July 7, 2006 by SCPS Finance Department to render an opinion and prepare documentation for the energy lease financing;
 - legal counsel was directly involved in the review of the July 11, 2006 Agenda Item 13L (see Attachment #3);
 - legal counsel continued to work very closely with SCPS Finance Department after the July 11, 2006 School Board meeting; and

- legal counsel on July 26, 2006 oversaw and directed the Assistant Superintendent for Finance, the Assistant Superintendent for Support Services and the Director of Finance & Accounting in the signing of all documents pertaining to the energy lease financing.
- SCPS Finance Department worked diligently throughout the early evening of Thursday, July 27, 2006 and throughout the day on Friday, July 28, 2006 as well as throughout the weekend and early morning of July 31, 2006 with legal counsel to find a solution to legal counsel's late notification but was left with no alternative other than to request an Emergency Called Meeting of the School Board in order that the energy lease financing transaction be completed no later than August 4, 2006.
- Citicapital has agreed to extend the rate lock of 4.2450% annual percentage through August 4, 2006. The amount to be financed is not to exceed \$3,300,000 and includes the costs of the project as well as capitalized interest on the lease financing. Project funding will be placed in escrow and dispersed as needed during the construction period with earned interest accruing to the benefit of Stafford County Public Schools. Project payments will be repaid over a 10-year term, quarterly in arrears. Annual guaranteed savings identified in the Noresco Energy Services Agreement has not changed and will be sufficient to fund lease payments throughout the term of agreement. **As a result, the project continues to be self-funded.**
- Additional information will be shared at the August 2, 2006 Emergency Called Meeting of the School Board.

SCHOOL BOARD GOAL:

Goal #5: Provide facilities that promote student learning and community support.

Goal #7: Provide school environments where teachers are safe to teach and students are safe to learn.

FUNDING SOURCE:

Lease payments will be funded through the guaranteed utility cost savings.

AUTHORIZATION REFERENCE:

Section 11-34.3 Code of Virginia – Energy Performance – Based Contract Procedures;
School Board Policy 4-32; School Board Policy 4-28

Attachments

Agenda Item No. 3

August 2, 2006

Approval of Resolution to Amend Energy Lease Financing School Board Action of July 11, 2006, to Include Capitalized Escrow Interest in Initial Lease Proceeds

Attachment #1

Resolution of the School Board of the County of Stafford, Virginia authorizing the lease financing of energy equipment. Note: Attachment #1 includes Exhibit A - CitiMortgage, Inc. Proposal Dated July 3, 2006 and signed July 12, 2006

Attachment #2

July 11, 2006 School Board Meeting Agenda Item 13L

Attachment #3

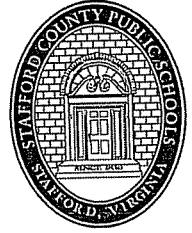
July 11, 2006 email communication including PDF attachment from legal counsel indicating legal counsel's review of the July 11, 2006 Agenda Item 13L and their required changes

EDWARD SULLIVAN
Chairman

DANA REINBOLDT
Vice-Chairman

ROBERT S. BELMAN
PATRICIA HEALY
NANETTE KIDBY
JOHN LEDOUX, ED.D.
DOREEN PHILLIPS

Phone: 540-658-6000
Fax: 540-658-5963
<http://www.staffordschools.net>



RESOLUTION OF THE SCHOOL BOARD OF THE COUNTY OF STAFFORD COUNTY,
VIRGINIA AUTHORIZING THE LEASE FINANCING OF
ENERGY EQUIPMENT

WHEREAS, the School Board (the "School Board") of the County of Stafford, Virginia (the "County") approved on June 20, 2006 the undertaking of an Energy Services Agreement, between Noresco, LLC and the School Board, to provide for the acquisition of various energy saving equipment (the "Project").

WHEREAS, the School Board approved on July 11, 2006 the lease financing of the Project (the "Lease Financing") and the award of the Lease Financing to CitiMortgage, Inc. (the "Bank") for the costs of the Project in the amount of \$3,143,898 (the "Initial Approval").

WHEREAS, the Lease Financing will be reflected in the following documents: (i) Master State and Municipal Lease/Purchase Agreement (the "Master Lease"), between the School Board and the Bank, (ii) Schedule No. 1, (the "Schedule"), and (iii) Escrow Trust Agreement, between the School Board, the Bank and UMB Bank, N.A. (the "Escrow Agreement," together with the Master Lease and the Schedule, the "Basic Documents").

WHEREAS, the School Board has determined that it is in the best interest of the School Board to amend its Initial Approval to provide for the financing of capitalized interest and to ratify all actions taken with respect to the Lease Financing.

NOW, THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF THE COUNTY OF STAFFORD, VIRGINIA:

1. The School Board hereby approves the Lease Financing of the Project, pursuant to the terms of the Bank's proposal dated July 3, 2006, attached as Exhibit A hereto, in an amount not to exceed \$3,300,000, which includes the costs of the Project and capitalized interest on the Lease Financing.

2. The execution and delivery by the School Board of the Basic Documents are authorized. The Superintendent and Assistant Superintendent for Finance, or either of them, or their designees, are authorized to execute on behalf of the School Board the Basic Documents, and, if required, the Clerk of the School Board is authorized and directed to affix or to cause to be affixed the seal of the School Board to the Basic Documents and to attest such seal. Each officer or agent of the School Board is authorized to execute and deliver on behalf of the School Board such schedules to the Master Lease, instruments, documents or certificates, and to do and

perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated in the Basic Documents.

3. Nothing in this Resolution or the Basic Documents shall constitute a debt of the School Board or the County and the School Board shall not be obligated to make any payments under the Financing Lease except from money appropriated by the Board of Supervisors of the County and the School Board for such purpose.

4. The School Board hereby approves, ratifies and confirms all actions previously done and performed by such officers of the School Board with respect to the Lease Financing and the foregoing arrangements.

5. This Resolution shall be effective upon its adoption.

The undersigned Clerk of the School Board of the County of Stafford, Virginia certifies that the foregoing resolution was duly adopted at a meeting of the School Board duly called and held on August 2, 2006.

Clerk, School Board of the County of Stafford,
Virginia

Exhibit A – CitiMortgage, Inc. Proposal dated July 3, 2006

Exhibit A



Citimortgage, Inc.
993 Saye Creek Drive
Madison, Georgia 30650

(706) 752-1282
FAX
(706) 342-8573
gene.rogero@citigroup.com

Gene Rogero
Vice President

July 3, 2006

Stafford County Public Schools
1300 Courthouse Road
Stafford, VA 22554

Re: Financing of Energy Conservation Measures

Dear Sir or Madam:

Citimortgage, Inc. ("Citicapital") is pleased to propose the tax-exempt transaction as outlined below. Under this transaction, Stafford County Public Schools shall enter into a tax-exempt lease/purchase agreement with Citicapital for the purposes of obtaining energy efficiency equipment provided by NORESO. This proposal is subject to final approval by all parties and mutually acceptable documentation.

Lessee:	Stafford County Public Schools	
Lessor:	Citimortgage, Inc., or its affiliates	
Vendor:	NORESO	
Equipment:	Energy Efficiency Equipment	
Type of Financing:	Tax-Exempt Municipal Lease/Purchase Agreement and Escrow Agreement	
Project Cost:	\$3,143,897.00	
Financing Term:	<u>Option I</u>	<u>Option II</u>
	10-years	11-years
Interest Rate:	4.2450%	4.2595%
Monthly Payments:	\$32,818.96	\$30,452.47
Quarterly Payments:	\$98,724.20	\$91,600.23

First payment is due in arrears commencing at the end of the installation period (April 2007). Alternative Payment Structures are

also available.

Closing Fees: None charged by Lessor

Escrow Fees: None charged by Lessor

Progress Payments: Citicapital shall provide any/all progress payments required by the Vendor on behalf of the Lessee, utilizing an interest bearing Escrow account. Earned interest from the Escrow account shall be for the account of the Lessee. Accrued Interest from the installation period may be capitalized into the total amount financed. Vendor shall provide a Payment & Performance Bond during the installation period to which Citicapital shall be named as a dual-obligee.

Pricing: The above Rates are fixed from the date of this proposal, provided 1) this proposal is accepted by the Lessee by July 10, 2006 and 2) this transaction closes (funds into Escrow) on or before July 31, 2006. After that date, the Rates shall be indexed in the following manner: The Market Index used is the current 10-Year T-Note SWAP of **5.81%** as of July 3, 2006. For every 10 basis point (.10%) change in the 10-Year T-Note SWAP Rate one week prior to closing, the effective Lease Interest Rate shall be adjusted 6.5 basis points (.065%). T-Note SWAP Rates are published daily and can be located at: <http://federalreserve.gov/releases/h15/Update/>

Prepayment: The Lessee shall be able to prepay the Lease in full at any time after month 24 for an amount equal to 100% of the then principal balance, provided all of the other terms of the lease have been met.

Net Lease: This is a Net Lease transaction, whereas any/all applicable taxes, insurance or other amounts that are not included in the total amount financed are for the account of the Lessee.

Documentation: All necessary documentation shall be provided by Lessor, shall comply with the laws governing the Commonwealth of Virginia. The equipment financed under this transaction shall be deemed as both personal property (for the purpose of this financing) and essential use by the Lessee. Lessee and Lessor shall mutually agree upon all terms of this transaction.

Other: Citicapital agrees in principal with the terms outlined in the RFP. Any changes to the terms of this proposal must be made in writing and must be acceptable to the Lessee and Lessor. Lessee shall provide whatever financial information is necessary, within 10

days prior to closing so that the Lessor may complete its credit due diligence.

Citicapital's References/Experience

Over the last 25 years, Citicapital has been an industry leader in the financing of Energy Conservation Projects in the Schools and Local Government Markets. In fact, Citicapital was the first national company to finance an Energy Performance Contract with a school district in Ohio back in 1984. On average, Citicapital finances about \$500 Million of Energy Conservation projects each year. These include both small and large projects in Virginia, including the Commonwealth's current Master Equipment Lease Program (MELP) awarded to Citicapital last year.

Below is a list of just three energy conservation transactions that Citicapital has financed within the last 12 months for other Schools and Local Governments entities in Virginia:

<u>Institution</u>	<u>Project Cost</u>	<u>Tenor</u>	<u>Contact</u>
Chesterfield County Schools, Virginia	\$3 Million	12 Years	Debbie Stone (804) 748-1617
University of Mary Washington	\$4.5 Million	14 Years	Rick Pearce (540) 654-1246
Commonwealth of Virginia	\$10 Million	15 years	Leslie English (804) 748-4741

Citicapital's Financial Capabilities

As a member of the Citigroup, the world's largest financial institution, Citicapital is one of the nation's leading participants in the public finance and municipal lease/purchase market. We are truly an industry leader with over \$2 Billion in Municipal Assets currently under management. The financial strength of Citigroup coupled with Citicapital's creativity and expertise in the Energy Conservation Market has enabled us to structure competitive and comprehensive programs for our clients, regardless of the size of the transaction. Citicapital would have no issues underwriting and funding a transaction of this size for Stafford County Schools, for the terms specified above. Citigroup is currently rated "AAA" by Moody's Investor Services and "AA-" by S&P. Citigroup's Annual Reports for the last 5 years are available at www.citigroup.com

For this particular transaction, Citicapital is genuinely interested in providing you a competitive, cost-effective and streamlined solution. We hope that you will allow us to be your financial partner on this project.

We appreciate this opportunity to offer a Citicapital Financial Solution. Please do not hesitate to contact me if you have any questions at (706) 752-1282. Upon acceptance of this proposal, please fax to my attention at (706) 342-8573. Thank you again.

Sincerely,

Gene

Gene Rogero
Vice President

ACCEPTANCE

As a duly authorized officer of the Stafford County Public Schools, I hereby accept the terms of this proposal as outlined above and have chosen a term of 10 years with 40 payments.

ACCEPTED: *Wayne C. Carruthers* DATE: *7/12/2006*
NAME: *WAYNE C. CARRUTHERS* TITLE: *Asst. Superintendent*
PHONE: *(540) 658-6584*

Attachments: Sample Escrow/Amortization Models

STAFFORD COUNTY SCHOOL BOARD**Agenda Consideration****TOPIC:** Change and Award of Contract: Energy Lease**ITEM NO:** 13L**PREPARED BY:****MEETING:** July 11, 2006**ACTION DATE:** July 11, 2006

Wayne Carruthers *WC*
Assistant Superintendent of
Financial Services

Gladys Gomez *GG*
Director of Finance & Accounting

André A. Nougaret *AN*
Assistant Superintendent for
Support Services

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the award of lease/purchase financing to CitiCapital, 993 Saye Creek Drive, Madison, GA 30650 in the amount of \$3,143,898 on the terms negotiated by school officials, with the advice of the School Board Attorney; and authorize Assistant Superintendent for Finance to execute on behalf of the School Board the agreements and related documents for these services/improvements and the lease/purchase financing; and authorize the Superintendent and Assistant Superintendent for Finance to make all necessary budget transfers as required for the lease payments over the life of the lease agreement; and that the School Board ratify all actions taken by the authorized school officials with respect to the Energy Performance Contracting and the lease/purchase financing related thereto.

KEY POINTS:

- At the June 20, 2006 School Board meeting, Agenda Item 13F "Energy Performance Contracting" was approved by the School Board. Attachment #1 includes this agenda item as it contains all relevant background information including the Energy Services Agreement that was reviewed and approved by School Board Counsel.
- Funding will be provided by a tax exempt municipal lease. Competitive responses to our RFP were received from eight (8) financing institutions at a June 12, 2006 bid opening. Originally Bank of America was identified as the low and responsive bidder and presented to the School Board for approval and was approved at the June 20, 2006 meeting.
- Subsequent to the June 20, 2006 School Board meeting, the original approved bidder, Bank of America, was unable to meet the requirements of the RFP. As the next low and responsive bidder, Citicapital was contacted and updated terms were obtained since Citicapital's original RFP response had expired on June 30, 2006.

- It has been determined that an annual percentage rate of 4.2450% will be secured through CitiCapital if closed on or before July 30, 2006. This lease will fund project costs. Project funding will be placed in escrow and dispersed as needed during the construction period with earned interest accruing to the benefit to Stafford County Public Schools. Project payments will be repaid over a 10-year term, quarterly in arrears, whichever is most beneficial to Stafford County Public Schools. Annual guaranteed savings amount identified in the Noresco Energy Services Agreement will be sufficient to fund lease payments throughout the term of agreement. **As a result project is self-funded.**
- Additional information will be shared at the July 11, 2006 School Board meeting.

SCHOOL BOARD GOAL: Goal #5: Provide facilities that promote student learning and community support.
Goal #7: Provide school environments where teachers are safe to teach and students are safe to learn.

FUNDING SOURCE: Lease payments will be funded through the guaranteed utility cost savings.

AUTHORIZATION REFERENCE: Section 11-34.3 Code of Virginia – Energy Performance –
February 8, 2006
Based Contract Procedures
School Board Policy 4-32
School Board Policy 4-28



Citimortgage, Inc.
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Madison, Georgia 30650

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July 3, 2006

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1300 Courthouse Road
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Lessee:	Stafford County Public Schools
Lessor:	Citimortgage, Inc., or its affiliates
Vendor:	NORES
Equipment:	Energy Efficiency Equipment
Type of Financing:	Tax-Exempt Municipal Lease/Purchase Agreement and Escrow Agreement
Project Cost:	\$3,143,897.00

	<u>Option I</u>	<u>Option II</u>
Financing Term:	10-years	11-years
Interest Rate:	4.2450%	4.2595%
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Closing Fees: None charged by Lessor

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Progress Payments: Citicapital shall provide any/all progress payments required by the Vendor on behalf of the Lessee, utilizing an interest bearing Escrow account. Earned interest from the Escrow account shall be for the account of the Lessee. Accrued Interest from the installation period may be capitalized into the total amount financed. Vendor shall provide a Payment & Performance Bond during the installation period to which Citicapital shall be named as a dual-obligee.

Pricing: The above Rates are fixed from the date of this proposal, provided 1) this proposal is accepted by the Lessee by July 10, 2006 and 2) this transaction closes (funds into Escrow) on or before July 31, 2006. After that date, the Rates shall be indexed in the following manner: The Market Index used is the current 10-Year T-Note SWAP of 5.81% as of July 3, 2006. For every 10 basis point (.10%) change in the 10-Year T-Note SWAP Rate one week prior to closing, the effective Lease Interest Rate shall be adjusted 6.5 basis points (.065%). T-Note SWAP Rates are published daily and can be located at: <http://federalreserve.gov/releases/h15/Update/>

Prepayment: The Lessee shall be able to prepay the Lease in full at any time after month 24 for an amount equal to 100% of the then principal balance, provided all of the other terms of the lease have been met.

Net Lease: This is a Net Lease transaction, whereas any/all applicable taxes, insurance or other amounts that are not included in the total amount financed are for the account of the Lessee.

Documentation: All necessary documentation shall be provided by Lessor, shall comply with the laws governing the Commonwealth of Virginia. The equipment financed under this transaction shall be deemed as both personal property (for the purpose of this financing) and essential use by the Lessee. Lessee and Lessor shall mutually agree upon all terms of this transaction.

Other: Citicapital agrees in principal with the terms outlined in the RFP. Any changes to the terms of this proposal must be made in writing and must be acceptable to the Lessee and Lessor. Lessee shall provide whatever financial information is necessary, within 10

days prior to closing so that the Lessor may complete its credit due diligence.

Citicapital's References/Experience

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Below is a list of just three energy conservation transactions that Citicapital has financed within the last 12 months for other Schools and Local Governments entities in Virginia:

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For this particular transaction, Citicapital is genuinely interested in providing you a competitive, cost-effective and streamlined solution. We hope that you will allow us to be your financial partner on this project.

We appreciate this opportunity to offer a Citicapital Financial Solution. Please do not hesitate to contact me if you have any questions at (706) 752-1282. Upon acceptance of this proposal, please fax to my attention at (706) 342-8573. Thank you again.

Sincerely,

Gene

Gene Rogero

Vice President

ACCEPTANCE

As a duly authorized officer of the Stafford County Public Schools, I hereby accept the terms of this proposal as outlined above and have chosen a term of _____ years with _____ payments.

ACCEPTED:

DATE:

NAME:

TITLE:

PHONE:

Attachments: Sample Escrow/Amortization Models

Stafford County Public Schools

Savings Summary - 10 Year Term

Revised 7/10/2006

Program Year	SAVINGS			COSTS			NET CASH FLOW
	Utility	O&M	TOTAL	Lease Payment	Energy Support Services	TOTAL	
1	\$ 398,966	\$ 45,653	\$ 444,619	\$ 394,897	\$ 85,000	\$ 479,897	\$ (35,278)
2	\$ 414,925	\$ 46,566	\$ 461,491	\$ 394,897	\$ 88,400	\$ 483,297	\$ (21,806)
3	\$ 431,522	\$ 47,497	\$ 479,019	\$ 394,897	\$ 91,936	\$ 486,833	\$ (7,814)
4	\$ 448,783	\$ 48,447	\$ 497,230	\$ 394,897	\$ 95,613	\$ 490,510	\$ 6,720
5	\$ 466,734	\$ 49,416	\$ 516,150	\$ 394,897	\$ 99,438	\$ 494,335	\$ 21,815
6	\$ 485,404	\$ 50,404	\$ 535,808	\$ 394,897	\$ 103,415	\$ 498,312	\$ 37,496
7	\$ 504,820	\$ 51,412	\$ 556,232	\$ 394,897	\$ 107,552	\$ 502,449	\$ 53,783
8	\$ 525,013	\$ 52,441	\$ 577,453	\$ 394,897	\$ 111,854	\$ 506,751	\$ 70,702
9	\$ 546,013	\$ 53,489	\$ 599,503	\$ 394,897	\$ 116,328	\$ 511,225	\$ 88,277
10	\$ 567,854	\$ 54,559	\$ 622,413	\$ 394,897	\$ 120,982	\$ 515,878	\$ 106,535
TOTAL	\$ 4,790,034	\$ 499,884	\$ 5,289,918	\$ 3,948,968	\$ 1,020,519	\$ 4,969,487	\$ 320,431

Project Turnkey Price: \$ 3,143,898

Estimated Finance Rate: 4.245%

Estimated Utility Escalation: 4.0%

Estimated O&M Escalation: 2.0%

Energy Support Services Escalation: 4.0%

Customer Capital Contribution: \$ -

Net Amount Financed: \$ 3,143,898

Note - Financing Terms and Payment Amounts provided by Stafford County Public Schools 7/10/06

Anthony L. Torkos

Anthony L. Torkos

Clark of the Board

Stafford County School Board

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Energy Performance Contracting

ITEM NO: 9F

PREPARED BY: Robert Randall
Energy Manager

MEETING: June 20, 2006

May 9, 2006

ACTION DATE: June 20, 2006

Stacy Gentry
Supervisor of Physical Plants
Maintenance

Andrew F. Hicks
Director of Maintenance and Operations

Wayne Carruthers
Assistant Superintendent of
Financial Services

André A. Nougaret
Assistant Superintendent for
Support Services

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the award of contract for Energy Performance Contracting and improvements at school sites specified to Noresco, LLC in the amount of \$3,143,898.00; approve the lease/purchase financing for such services and improvements with Bank of America, 1201 6th Avenue West, Bradenton, FL 34205, on the terms negotiated by school officials, with the advice of the School Board attorney, and authorize Assistant Superintendent for Finance to execute on behalf of the School Board the agreements and related documents for these services/improvements and the lease/purchasing financing.

KEY POINTS:

- 2004-05 Efficiency Study noted that Stafford County does not have a Comprehensive Energy Policy and recommended such a policy be developed and implemented. Policy would establish:
 - Student/Staff Training and Education
 - Division-wide Usage Guidelines (Temperature, hours of operation, etc.)
 - Capital Improvements
 - Energy Monitoring (Formulate usage baseline)
- 2004-05 Efficiency Study suggested that the school district was a strong candidate for "Energy Performance Contracting."
- Through the Energy Performance Contracting process, facility specific conservation and/or operational efficiency measures are identified. As measures are implemented, reduced energy costs are realized and utilized to fund energy conservation measures.

- The contractor guarantees energy cost savings. The Commonwealth of Virginia requires the energy performance contractor, to whom the contract is awarded, provide a guarantee, supported by a surety instrument, to the contracting entity for the installation and faithful performance of the installed energy savings measures as outlined in the contract document.
- In September 2004, an Energy Performance Contracting Committee, comprised of select Stafford County Public School and Stafford County Government employees was formed to review the process and select the companies to participate. The Commonwealth of Virginia provided a list of pre-qualified contractors. Per the guidelines set forth by the Commonwealth of Virginia, five companies were chosen to do a "back of the envelope" audit of four schools, the school administration building, and the county administration building.
- Initial written proposals were received from three of the companies that were invited to participate. All three companies were invited for oral interviews that were conducted by the committee. In March, the committee met to review the proposals and Noresco was chosen to proceed with a Technical Energy and Water Savings Audit. This audit incorporated an in depth analysis of our current systems (i.e., lighting, HVAC, plumbing, etc.) and corresponding utility expenses.
- On April 12, 2005, as part of the FY2005 Second Financial Review, the School Board approved the employ of an Energy Manager to coordinate an overall Energy Conservation Program and the anticipated Energy Performance Contract. Position cost to be covered by energy savings incurred.
- On June 21, 2005, the School Board approved a detailed Energy Audit Agreement with Noresco, LLC, 2750 Prosperity Avenue, Suite 130, Fairfax, VA 22031, in the amount of 229K, to identify energy conservation or operational efficiency measures through the Energy Performance Contracting process.
- On September 5, 2005, Noresco presented an initial audit report detailing eighteen (18) potential energy conservation measures (ECMS).
- On October 3, 2005, the Energy Manager position was filled with Mr. Robert Randall.
- On October 11, 2005, staff provided an update on the Performance Engineering Project. At that time only one energy conservation measure (lighting retrofits) had been audited in all specified buildings.
- In January 2006, Noresco submitted a final audit report which outlined six (6) energy conservation measures and a "turn-key" project cost of \$3.4 million dollars. The six (6) ECMS are:
 1. Lighting Retrofit
 2. Occupancy Sensors
 3. Water Conservation
 4. Variable Frequency Drives & Energy Efficient Motors
 5. Building Envelop Improvements
 6. Vending Machine Controls
- Staff initiated "Plan B" research in an effort to: 1) Validate Noresco cost proposal and 2) Compile the costs associated with implementing identified energy conservation measures with existing school division staff.

- Staff initiated an exhaustive review of all utility costs, at all sites, for the past three years. A "usage baseline" detailing average usage over this three-year period has been established.
- On April 13 and April 19, 2006, staff met with Noresco to review their cost proposal and negotiate a final cost.
- On June 6, 2006 the Energy Manager shared an overview of the proposed Energy Performance Contracting initiative with the Board of Supervisors.
- The Energy Services Agreement (Attachment #1) has been reviewed and approved by School Board Counsel.
- Funding will be provided by a tax exempt municipal lease. Competitive proposals were received from eight (8) vendors at a June 12, 2006 bid opening. Bank of America was determined to be the low and responsive bidder. It has been determined that an annual percentage rate of 4.0512% will be secured if closed on or before July 12, 2006. This lease will fund project costs. Project funding will be placed in escrow and dispersed as needed during the construction period with earned interest accruing to the benefit to Stafford County Public Schools. Project payments will be repaid over a 10-year term, quarterly in arrears, whichever is most beneficial to Stafford County Public Schools. Annual guaranteed savings amount identified in the Noresco Energy Services Agreement will be sufficient to fund lease payments throughout the term of agreement. As a result project is self-funded.
- Additional information will be shared at or before the upcoming June 20, 2006 School Board meeting.

SCHOOL BOARD GOAL: Goal #5: Provide facilities that promote student learning and community support.

Goal #7: Provide school environments where teachers are safe to teach and students are safe to learn.

FUNDING SOURCE: Lease payments will be funded through the guaranteed utility cost savings.

AUTHORIZATION REFERENCE: Section 11-34.3 Code of Virginia – Energy Performance –
February 8, 2006
Based Contract Procedures
School Board Policy 4-32
School Board Policy 4-28

Executive Summary

Introduction

As part of a program to improve the building infrastructure while reducing operating costs, Stafford County Public Schools (SCPS) has commissioned NORESKO to perform a Detailed Energy Audit (DEA) of some of the County's facilities. The twenty nine facilities included in this project are A.G. Wright Middle, Garrisonville Elementary, Aimee Building, Alvin York Bandy/PDC, Brooke Point High, Colonial Forge High, Edward E. Drew Middle, Falmouth Elementary, Ferry Farm Elementary, Fleet Services, Gari Melcher Complex, Grafton Village Elementary, Hampton Oaks Elementary, Hartwood Elementary, HH Poole Elementary, Kate Walter Barrett Elementary, Maintenance, Margaret Brent Elementary, North Stafford High, Park Ridge Elementary, Rockhill Elementary, Rocky Run Elementary, Rodney Thompson Middle, Stafford Elementary, Stafford Middle, Stafford High, T. Benton Gayle Middle, Widewater Elementary, and Winding Creek Elementary.

The information presented in this DEA document demonstrates NORESKO's proven capability to develop, finance, and guarantee a comprehensive performance based program. This program will reduce the energy and operating costs of the County, while updating or replacing building system equipment. NORESKO has extensive experience implementing large performance based improvements in School Districts throughout the United States and can offer an unparalleled range of services to complete the guaranteed savings program for the SCPS.

Project Summary

NORESCO has identified six (6) Energy Conservation Measures (ECMs) for reducing the County's energy and resource consumption at these twenty nine facilities. Many of these measures will also improve occupant comfort and reduce the maintenance requirements of the County. A detailed description of each ECM including system description, savings amounts, equipment to be installed, and measurement and verification protocols can be found in Sections B and C of this document, however a brief summary of the project is as follows:

Table 1
Total ECM Cost & Savings

ECM#	Description	Investment	Energy Savings	O&M Savings	Total Savings	Payback (Years)	Investment Recovery (Years)
1	Lighting Improvements	\$ 1,620,330	\$ 190,417	\$ 38,451	\$ 228,868	7.08	7.00
2	Lighting Occupancy Sensors	\$ 829,284	\$ 95,695	\$ -	\$ 95,695	8.57	7.82
3	Water Conservation	\$ 327,241	\$ 41,968	\$ 7,202	\$ 49,170	6.66	6.49
4	VFDs and Energy Efficient Motors	\$ 281,783	\$ 51,315	\$ -	\$ 51,315	5.49	5.43
5	Building Envelope Improvements	\$ 53,906	\$ 10,259	\$ -	\$ 10,259	5.25	5.22
6	Vending Machine Controllers	\$ 31,353	\$ 9,312	\$ -	\$ 9,312	3.37	3.46
TOTAL		\$ 3,143,898	\$ 398,966	\$ 45,653	\$ 444,619	7.07	6.83

The cost and savings for these Energy Conservation Measures have been compiled on a building-by-building basis and are detailed in the table that follows:

Table 2
ECM Cost & Savings By Building

ECM	Building	Description	Investment	Annual Savings	One-time Savings	Total Savings	Simple Payback
1	A.G. Wright MS & Garrisonville ES	Lighting Improvements	\$ 173,773	\$ 19,382	\$ 5,081	\$ 24,463	7.10
2	A.G. Wright MS & Garrisonville ES	Lighting Occupancy Sensors	\$ 40,776	\$ 4,631	\$ -	\$ 4,631	8.80
3	A.G. Wright MS & Garrisonville ES	Water Conservation	\$ 35,177	\$ 5,052	\$ 765	\$ 5,817	6.05
4	A.G. Wright MS & Garrisonville ES	VFDs and Energy Efficient Motors	\$ 87,462	\$ 12,433	\$ -	\$ 12,433	7.03
5	A.G. Wright MS & Garrisonville ES	Building Envelope Improvements	\$ 4,711	\$ 4,706	\$ -	\$ 4,706	1.00
6	A.G. Wright MS & Garrisonville ES	Vending Machine Controllers	\$ 2,063	\$ 787	\$ -	\$ 787	2.62
7	Almee Building	Lighting Occupancy Sensors	\$ 2,175	\$ 306	\$ -	\$ 306	7.11
8	Alvin York Bandy/PDC	Lighting Occupancy Sensors	\$ 10,954	\$ 1,040	\$ -	\$ 1,040	10.53
9	Alvin York Bandy/PDC	VFDs and Energy Efficient Motors	\$ 6,103	\$ 8,916	\$ -	\$ 8,916	0.68
10	Alvin York Bandy/PDC	Vending Machine Controllers	\$ 825	\$ 182	\$ -	\$ 182	4.53
11	Brooke Point HS	Lighting Improvements	\$ 229,950	\$ 33,561	\$ 7,000	\$ 40,561	5.67
12	Brooke Point HS	Lighting Occupancy Sensors	\$ 75,706	\$ 7,002	\$ -	\$ 7,002	10.81
13	Brooke Point HS	Water Conservation	\$ 48,409	\$ 11,263	\$ 998	\$ 12,261	3.95
14	Brooke Point HS	Vending Machine Controllers	\$ 2,063	\$ 456	\$ -	\$ 456	4.53
15	Colonial Forge HS	Lighting Improvements	\$ 50,091	\$ 3,994	\$ 220	\$ 4,214	11.89
16	Colonial Forge HS	Lighting Occupancy Sensors	\$ 78,077	\$ 8,287	\$ -	\$ 8,287	9.42
17	Colonial Forge HS	Vending Machine Controllers	\$ 2,063	\$ 456	\$ -	\$ 456	4.53
18	Edward E Drew MS	Lighting Occupancy Sensors	\$ 35,444	\$ 4,979	\$ -	\$ 4,979	7.12
19	Edward E Drew MS	Vending Machine Controllers	\$ 1,238	\$ 472	\$ -	\$ 472	2.62
20	Falmouth ES	Lighting Occupancy Sensors	\$ 14,640	\$ 2,060	\$ -	\$ 2,060	7.11
21	Falmouth ES	Vending Machine Controllers	\$ 825	\$ 303	\$ -	\$ 303	2.72
22	Ferry Farm ES	Lighting Occupancy Sensors	\$ 14,818	\$ 1,452	\$ -	\$ 1,452	10.20
23	Ferry Farm ES	VFDs and Energy Efficient Motors	\$ 37,164	\$ 5,331	\$ -	\$ 5,331	6.97
24	Ferry Farm ES	Building Envelope Improvements	\$ 4,982	\$ 784	\$ -	\$ 784	6.36
25	Ferry Farm ES	Vending Machine Controllers	\$ 825	\$ 182	\$ -	\$ 182	4.53
26	Fleet Services	Lighting Occupancy Sensors	\$ 3,569	\$ 596	\$ -	\$ 596	5.99
27	Fleet Services	Water Conservation	\$ 3,586	\$ 532	\$ 38	\$ 570	6.29
28	Fleet Services	Vending Machine Controllers	\$ 413	\$ 157	\$ -	\$ 157	2.62
29	Gari Melcher Complex	Lighting Occupancy Sensors	\$ 15,871	\$ 2,227	\$ -	\$ 2,227	7.13
30	Gari Melcher Complex	Water Conservation	\$ 19,334	\$ 1,383	\$ 420	\$ 1,803	10.72
31	Gari Melcher Complex	Vending Machine Controllers	\$ 825	\$ 291	\$ -	\$ 291	2.84
32	Grafton Village ES	Lighting Occupancy Sensors	\$ 19,622	\$ 2,763	\$ -	\$ 2,763	7.10
33	Grafton Village ES	VFDs and Energy Efficient Motors	\$ 8,483	\$ 6,186	\$ -	\$ 6,186	1.37
34	Grafton Village ES	Vending Machine Controllers	\$ 825	\$ 303	\$ -	\$ 303	2.72
35	Hampton Oaks ES	Lighting Improvements	\$ 62,515	\$ 5,966	\$ 2,349	\$ 8,315	7.52
36	Hampton Oaks ES	Lighting Occupancy Sensors	\$ 19,482	\$ 1,887	\$ -	\$ 1,887	10.32
37	Hampton Oaks ES	Water Conservation	\$ 22,818	\$ 2,287	\$ 473	\$ 2,760	8.27
38	Hampton Oaks ES	Vending Machine Controllers	\$ 825	\$ 315	\$ -	\$ 315	2.62
39	Hartwood ES	Lighting Improvements	\$ 66,379	\$ 6,959	\$ 1,670	\$ 8,629	7.69
40	Hartwood ES	Lighting Occupancy Sensors	\$ 10,122	\$ 727	\$ -	\$ 727	13.92
41	Hartwood ES	Vending Machine Controllers	\$ 825	\$ 182	\$ -	\$ 182	4.53
42	HH Poole	Lighting Improvements	\$ 157,879	\$ 21,235	\$ 4,245	\$ 25,480	5.41
43	HH Poole	Lighting Occupancy Sensors	\$ 44,682	\$ 6,038	\$ -	\$ 6,038	7.40
44	HH Poole	Water Conservation	\$ 28,004	\$ 1,863	\$ 585	\$ 2,448	11.44
45	HH Poole	Vending Machine Controllers	\$ 1,238	\$ 472	\$ -	\$ 472	2.62
46	Kate Waller Barrett ES	Lighting Improvements	\$ 11,629	\$ 750	\$ 390	\$ 1,140	13.84
47	Kate Waller Barrett ES	Lighting Occupancy Sensors	\$ 22,156	\$ 2,979	\$ -	\$ 2,979	7.44
48	Kate Waller Barrett ES	Building Envelope Improvements	\$ 31,385	\$ 2,888	\$ -	\$ 2,888	10.87
49	Kate Waller Barrett ES	Vending Machine Controllers	\$ 825	\$ 315	\$ -	\$ 315	2.62
50	Maintenance	Lighting Improvements	\$ 9,741	\$ 237	\$ -	\$ 237	41.04

Table 2
(Continued)
ECM Cost & Savings By Building

51	Maintenance	Lighting Occupancy Sensors	\$ 3,731	\$ 510	\$ 510	7.52
52	Maintenance	Vending Machine Controllers	\$ 413	\$ 157	\$ 157	2.62
53	Margaret Brent ES	Vending Machine Controllers	\$ 825	\$ 315	\$ 315	2.62
54	North Stafford HS	Lighting Improvements	\$ 64,098	\$ 10,532	\$ 754	5.68
55	North Stafford HS	Lighting Occupancy Sensors	\$ 85,785	\$ 10,585	\$ 10,585	1.10
56	North Stafford HS	Water Conservation	\$ 39,826	\$ 5,373	\$ 930	6.32
57	North Stafford HS	Vending Machine Controllers	\$ 3,713	\$ 820	\$ 820	4.53
58	Park Ridge ES	Lighting Improvements	\$ 75,921	\$ 5,558	\$ 1,738	10.15
59	Park Ridge ES	Lighting Occupancy Sensors	\$ 15,077	\$ 1,638	\$ 1,638	9.20
60	Park Ridge ES	Water Conservation	\$ 24,807	\$ 2,406	\$ 555	8.38
61	Park Ridge ES	VFDs and Energy Efficient Motors	\$ 47,959	\$ 8,154	\$ 8,154	5.88
62	Park Ridge ES	Building Envelope Improvements	\$ 4,994	\$ 815	\$ 815	6.13
63	Park Ridge ES	Vending Machine Controllers	\$ 825	\$ 315	\$ 315	2.62
64	Rockhill ES	Lighting Improvements	\$ 78,116	\$ 9,930	\$ 43	7.83
65	Rockhill ES	Lighting Occupancy Sensors	\$ 14,468	\$ 1,083	\$ 1,083	13.36
66	Rockhill ES	Water Conservation	\$ 24,982	\$ 2,213	\$ 555	9.03
67	Rockhill ES	VFDs and Energy Efficient Motors	\$ 44,775	\$ 4,986	\$ 4,986	8.98
68	Rockhill ES	Building Envelope Improvements	\$ 7,834	\$ 1,066	\$ 1,066	7.35
69	Rockhill ES	Vending Machine Controllers	\$ 825	\$ 182	\$ 182	4.53
70	Rocky Run ES	Lighting Improvements	\$ 5,869	\$ 544	\$ 1,744	2.81
71	Rocky Run ES	Lighting Occupancy Sensors	\$ 26,751	\$ 3,557	\$ 3,557	7.52
72	Rocky Run ES	Vending Machine Controllers	\$ 825	\$ 315	\$ 315	2.62
73	Rodney Thompson MS	Lighting Improvements	\$ 18,660	\$ 885	\$ 51	19.92
74	Rodney Thompson MS	Lighting Occupancy Sensors	\$ 59,066	\$ 6,450	\$ 6,450	9.16
75	Rodney Thompson MS	Vending Machine Controllers	\$ 1,238	\$ 273	\$ 273	4.53
76	Stafford ES	Lighting Improvements	\$ 95,371	\$ 11,731	\$ 1,812	7.04
77	Stafford ES	Lighting Occupancy Sensors	\$ 13,736	\$ 1,084	\$ 1,084	12.68
78	Stafford ES	Vending Machine Controllers	\$ 825	\$ 182	\$ 182	4.53
79	Stafford HS	Lighting Improvements	\$ 308,555	\$ 33,952	\$ 6,840	4.56
80	Stafford HS	Lighting Occupancy Sensors	\$ 86,863	\$ 8,613	\$ 8,613	10.99
81	Stafford HS	Water Conservation	\$ 32,546	\$ 5,337	\$ 833	5.27
82	Stafford HS	Vending Machine Controllers	\$ 2,063	\$ 456	\$ 456	4.53
83	Stafford MS	Lighting Improvements	\$ 125,166	\$ 15,239	\$ 2,869	6.91
84	Stafford MS	Lighting Occupancy Sensors	\$ 25,927	\$ 3,575	\$ 3,575	7.68
85	Stafford MS	Water Conservation	\$ 22,522	\$ 1,989	\$ 495	9.07
86	Stafford MS	Vending Machine Controllers	\$ 1,238	\$ 454	\$ 454	2.72
87	T. Benton Gayle MS	Lighting Improvements	\$ 18,660	\$ 824	\$ 118	19.81
88	T. Benton Gayle MS	Lighting Occupancy Sensors	\$ 49,719	\$ 7,635	\$ 7,635	6.51
89	T. Benton Gayle MS	Vending Machine Controllers	\$ 1,238	\$ 472	\$ 472	2.62
90	Widewater ES	Lighting Improvements	\$ 74,009	\$ 8,335	\$ 1,701	7.37
91	Widewater ES	Lighting Occupancy Sensors	\$ 15,894	\$ 1,040	\$ 1,040	15.28
92	Widewater ES	Water Conservation	\$ 25,231	\$ 2,270	\$ 555	8.93
93	Widewater ES	VFDs and Energy Efficient Motors	\$ 49,837	\$ 5,309	\$ 5,309	9.39
94	Widewater ES	Vending Machine Controllers	\$ 825	\$ 182	\$ 182	4.53
95	Winding Creek ES	Lighting Improvements	\$ 15,948	\$ 1,002	\$ 125	4.44
96	Winding Creek ES	Lighting Occupancy Sensors	\$ 24,172	\$ 3,150	\$ 3,150	7.67
97	Winding Creek ES	Vending Machine Controllers	\$ 825	\$ 315	\$ 315	2.62
			\$ 3,143,898	\$ 398,966	\$ 45,653	7.07

ECM 1 & 2: Lighting Improvements and Occupancy Sensors – Significant energy savings can be achieved by replacing much of the existing lighting with new energy efficient fluorescent lights. New compact fluorescent lights will replace the incandescent lights, and new LED exit signs will replace the existing incandescent and fluorescent exit signs. The aged HID fixtures will be replaced with new high efficiency fluorescent fixtures or be retrofitted with a higher efficiency HID kit. This includes indoor and outdoor installations.

To improve the control of the lighting systems during unoccupied periods, NORESKO will install occupancy sensors in select locations. NORESKO has included occupancy sensors in the scope of work only where the savings generated by the occupancy sensors are sufficient to help the overall economics of the project.

ECM 3: Water Conservation – NORESKO proposes to provide new water closets and flush valves, new urinal flush valves, and new lavatory sink aerators in many of the school buildings. The new devices will be low-flow devices conforming to the latest standards. This action will reduce unnecessary water use, minimize maintenance requirements, and provide the facilities with new, more attractive plumbing fixtures. The replacement equipment will provide flushing action adequate to remove all waste.

ECM 4: Variable Frequency Drives and Energy Efficient Motors – NORESKO proposes to install variable frequency drives (VFDs) in place of the existing inlet vanes controls for the variable air volume roof-top air handling units at several schools. The work will also include replacing the existing standard efficiency with new high efficiency motors. The combination of the VFDs and energy efficient motors will significantly reduce electrical consumption and maintain the air handling unit performance.

NORESCO also proposes to replace the manual thermostats with programmable thermostats for the heat pumps at the DPC building at Alvin York Bandy. This will significantly reduce energy consumption by setting back the temperature during the unoccupied hours.

ECM 5: Building Envelope Improvements – NORESKO proposes to weatherproof exterior doors and seal opening around piping, ductwork, and conduit at wall and roof penetrations. NORESKO also proposes to seal the gaps that exist at the wall-roof intersections in some of the additions for schools where A-frame roofs with wood trusses are installed over block walls.

ECM 6: Vending Machine Controllers – In order to minimize the unnecessary operation of vending machines, NORESKO proposes to install plug load controllers on vending machines in the most of the school to reduce energy consumptions of these machines when the buildings are unoccupied. These controllers will utilize "smart control" that can learn the occupancy patterns and motion detectors to control the machines lights and refrigeration compressors.

Project Cash Flow

It is our understanding that SCPS intends to finance this project through a tax-exempt municipal lease. We have prepared a project cash flow using a quoted financing rate of 4.05% for a ten (10) year term. This cash flow has been modeled in such a way that the entire project cost is borrowed and placed in escrow. The interest earned on the escrow account is used to reduce the initial lease balance. This cash flow assumes the financing be structured as a ten (10) year repayment term plus a nine (9) month construction period. The lease payments are quarterly payments in arrears. The finance term complies with the Commonwealth of Virginia's Energy Law that allows for up to a twenty (20) year period to recover the project investment. In addition, the cash flow also includes the cost to fund the newly created SCPS Energy Manager position which can be fully funded through excess savings over a 10 year term. Additional annual costs may be required depending on the savings guarantee security instrument SCPS decides to utilize.

Ownership of, or title to, the equipment during the lease period will be held by the leasing company but will vest to SCPS as payments are made under the lease agreement. At the conclusion of the lease period, transfer of title to SCPS will occur automatically without the necessity of a bill of sale, certificate of title or other instrument of conveyance. However, SCPS will nevertheless execute and deliver such instruments as the leasing company may request to evidence such transfer. A termination schedule will accompany the lease so that SCPS may purchase the equipment outright at any time during the lease period if it wishes to do so.

To secure the payment of the obligation under the lease, SCPS will grant a first and exclusive lien on the applicable equipment. SCPS must agree to execute such additional documents, in form satisfactory to the leasing company, which the leasing company deems necessary or appropriate to establish and maintain its security interest in the equipment. The equipment is and will remain personal property and will not be deemed to be affixed to, or a part of, real estate upon which it may be situated.

Table 3
Project Cash Flow

Program Year	SAVINGS			COSTS			NET CASH FLOW
	Utility	O&M	TOTAL	Lease Payment	Turnkey Support Services	TOTAL	
1	\$ 398,966	\$ 45,653	\$ 444,619	\$ 390,670	\$ 85,000	\$ 475,670	\$ (31,051)
2	\$ 414,925	\$ 46,566	\$ 461,491	\$ 390,670	\$ 88,400	\$ 479,070	\$ (17,579)
3	\$ 431,522	\$ 47,497	\$ 479,019	\$ 390,670	\$ 91,936	\$ 482,606	\$ (3,587)
4	\$ 448,783	\$ 48,447	\$ 497,230	\$ 390,670	\$ 95,613	\$ 486,283	\$ 10,947
5	\$ 466,734	\$ 49,416	\$ 516,150	\$ 390,670	\$ 99,438	\$ 490,108	\$ 26,042
6	\$ 485,404	\$ 50,404	\$ 535,808	\$ 390,670	\$ 103,415	\$ 494,086	\$ 41,722
7	\$ 504,820	\$ 51,412	\$ 556,232	\$ 390,670	\$ 107,552	\$ 498,222	\$ 58,010
8	\$ 525,013	\$ 52,441	\$ 577,453	\$ 390,670	\$ 111,854	\$ 502,524	\$ 74,929
9	\$ 546,013	\$ 53,489	\$ 599,503	\$ 390,670	\$ 116,328	\$ 506,998	\$ 92,504
10	\$ 567,854	\$ 54,559	\$ 622,413	\$ 390,670	\$ 120,982	\$ 511,652	\$ 110,761
TOTAL	\$ 4,790,034	\$ 499,884	\$ 5,289,918	\$ 3,906,700	\$ 1,020,519	\$ 4,927,220	\$ 362,699

Project Turnkey Price:	\$ 3,143,898
Estimated Finance Rate:	4.05%
Estimated Utility Escalation:	4.0%
Estimated O&M Escalation:	2.0%
Energy Support Services Escalation:	4.0%
Customer Capital Contribution:	\$ 3,143,898
Net Amount Financed:	\$ 3,143,898

The underlying assumptions in the project cash flow are as follows:

- Lease rate of 4.05%
- Payments are to be made quarterly in arrears
- Total lease term of 10 years plus a 9 month construction period
- Construction period escrow earning are applied to initial lease balance reduction.

Clarifications and Exclusions

General

1. Our proposal excludes compliance with BCOM regulations and reviews.
2. The work excludes correcting existing code deficiencies.
3. Work excludes the testing or abating of hazardous materials.
4. This proposal is valid until June 15, 2006.
5. Substantial completion should be by building and ECM.

Lighting

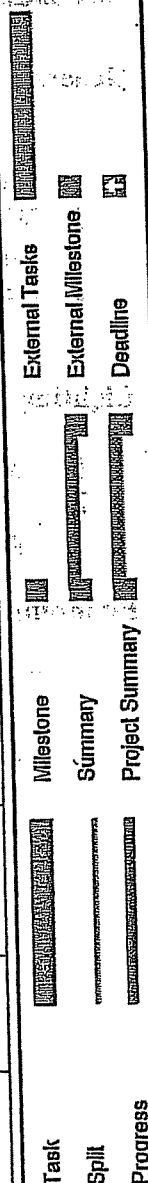
1. Proposal excludes replacing cracked or discolored lenses – none identified during audit.
2. Proposal excludes replacing battery backup ballasts or battery powered emergency lighting.

Plumbing

1. Proposal excludes replacing existing cracked, broken or discolored tiles.
2. Proposal excludes repairing or replacing previously deteriorated plumbing components, leaking faucets or valves.
3. Proposal excludes upgrading bathrooms that are not ADA compliant to meet such standards. Existing ADA fixtures will be replaced with ADA fixtures.

**STAFFORD COUNTY PUBLIC SCHOOLS
ECM IMPLEMENTATION SCHEDULE**

ID	Task Name	Duration	Start	Finish	April	May	June	July	Augu	Septe	Octob	Nov	Dece	Janua	Febr	Marc	April	May
1	Notice to Proceed	0 days	Fri 7/14/06	Fri 7/14/06														
2	Subcontracts & Submittals	30 days	Fri 7/14/06	Thu 8/24/06														
3	Mobilization	10 days	Fri 8/25/06	Thu 9/7/06														
4	Lighting & HID Retrofits	140 days	Fri 9/8/06	Thu 3/22/07														
5	A.G. Wright MS	15 days	Fri 9/8/06	Thu 9/28/06														
6	Garrisonville ES	10 days	Fri 9/29/06	Thu 10/12/06														
7	Brooke Point HS	25 days	Fri 10/13/06	Thu 11/16/06														
8	Colonial Forge HS	4 days	Fri 10/13/06	Wed 10/18/06														
9	Hampton Oaks ES	12 days	Fri 10/13/06	Mon 10/30/06														
10	Hartwood ES	10 days	Tue 10/31/06	Mon 11/13/06														
11	HH Poole MS	20 days	Tue 11/14/06	Mon 12/11/06														
12	Kate Waller Barrett ES	1 day	Thu 10/19/06	Thu 10/19/06														
13	Maintenance Admin	1 day	Fri 10/20/06	Fri 10/20/06														
14	North Stafford HS	7 days	Mon 10/23/06	Tue 10/31/06														
15	Park Ridge ES	14 days	Tue 12/12/06	Fri 12/29/06														
16	Rockhill ES	15 days	Mon 11/07	Fri 11/19/07														
17	Rocky Run ES	1 day	Wed 11/1/06	Wed 11/1/06														
18	Rodney Thompson MS	2 days	Thu 11/2/06	Fri 11/3/06														
19	Stafford ES	15 days	Mon 11/22/07	Fri 2/9/07														
20	Stafford HS	25 days	Fri 11/17/06	Thu 12/21/06														
21	Stafford MS	15 days	Mon 2/12/07	Fri 3/2/07														
22	T. Benton Gayle MS	2 days	Mon 11/6/06	Tue 11/7/06														
23	Widewater ES	14 days	Mon 3/5/07	Thu 3/22/07														
24	Winding Creek ES	2 days	Wed 11/8/06	Thu 11/9/06														
25	Occupancy Sensors	135 days	Fri 9/8/06	Thu 3/15/07														
26	A.G. Wright MS	5 days	Fri 9/8/06	Thu 9/14/06														
27	Garrisonville ES	3 days	Fri 9/15/06	Tue 9/19/06														
28	Almea Building Admin	1 day	Wed 9/20/06	Wed 9/20/06														
29	Alvin York Bandy PDC Admin	2 days	Thu 9/21/06	Fri 9/22/06														
30	Brooke Point HS	15 days	Mon 9/25/06	Fri 10/13/06														



Project: SCPS_ECMS 6-14-06
Date: Wed 6/14/06

Task Split Progress

Milestone Summary Project Summary

External Tasks External Milestone Deadline

STAFFORD COUNTY PUBLIC SCHOOLS
ECM IMPLEMENTATION SCHEDULE

ID	Task Name	Duration	Start	Finish	April	May	June	July	Augu	Septe	Octob	Nove	Dece	Janua	Febr	Marc	April	May
					Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
31	Colonial Forge HS	16 days	Mon 10/16/06	Mon 11/6/06														
32	Edward E. Drew MS	7 days	Tue 11/7/06	Wed 11/15/06														
33	Falmouth ES	3 days	Thu 11/16/06	Mon 11/20/06														
34	Ferry Farm ES	3 days	Tue 11/21/06	Thu 11/23/06														
35	Fleet Services Admin	1 day	Fri 11/24/06	Fri 11/24/06														
36	Gari Melcher Complex Admin	3 days	Mon 11/27/06	Wed 11/29/06														
37	Grafton Village ES	4 days	Thu 11/30/06	Tue 12/5/06														
38	Hampton Oaks ES	4 days	Wed 12/6/06	Mon 12/11/06														
39	Hartwood ES	2 days	Tue 12/12/06	Wed 12/13/06														
40	HH Poole MS	9 days	Thu 12/14/06	Tue 12/26/06														
41	Kate Waller Barrett ES	5 days	Wed 12/27/06	Tue 12/27/06														
42	Maintenance Admin	1 day	Wed 1/3/07	Wed 1/3/07														
43	North Stafford HS	18 days	Tue 11/7/06	Thu 11/30/06														
44	Park Ridge ES	3 days	Thu 1/4/07	Mon 1/8/07														
45	Rockhill ES	3 days	Tue 1/9/07	Thu 1/11/07														
46	Rocky Run ES	6 days	Fri 1/12/07	Fri 1/19/07														
47	Rodney Thompson MS	13 days	Mon 1/22/07	Wed 2/7/07														
48	Stafford ES	3 days	Thu 2/8/07	Mon 2/12/07														
49	Stafford HS	18 days	Fri 12/1/06	Tue 12/26/06														
50	Stafford MS	5 days	Tue 2/13/07	Mon 2/19/07														
51	T. Benton Gayle MS	10 days	Tue 2/20/07	Mon 3/5/07														
52	Widewater ES	3 days	Tue 3/6/07	Thu 3/8/07														
53	Winding Creek ES	5 days	Fri 3/9/07	Thu 3/15/07														
54	Water Conservation	111 days	Fri 9/29/06	Fri 3/2/07														
55	A.G. Wright MS	5 days	Fri 9/29/06	Thu 10/5/06														
56	Garrisonville ES	5 days	Fri 10/6/06	Thu 10/12/06														
57	Brooke Point HS	12 days	Fri 10/13/06	Mon 10/30/06														
58	Fleet Services Admin	2 days	Tue 10/31/06	Wed 11/1/06														
59	Gari Melcher Complex Admin	7 days	Thu 11/2/06	Fri 11/10/06														
60	Hampton Oaks ES	8 days	Mon 11/13/06	Wed 11/22/06														

External Tasks

External Milestone

Deadline

Milestone Summary Project Summary

Project: SGPS_ECMIS 6-14-06
Date: Wed 6/14/06

**STAFFORD COUNTY PUBLIC SCHOOLS
ECM IMPLEMENTATION SCHEDULE**

ID	Task Name	Duration	Start	Finish	April Apr	May May	June Jun	July Jul	August Aug	Sept Sep	Oct Oct	Nov Nov	Dec Dec	Jan Jan	Febr Feb	Marc Mar	April Apr	May May
61	HH Poole MS	10 days	Thu 11/23/06	Wed 12/6/06														
62	North Stafford HS	15 days	Thu 12/7/06	Wed 12/27/06														
63	Park Ridge ES	10 days	Thu 12/28/06	Wed 1/10/07														
64	Rockhill ES	10 days	Thu 1/11/07	Wed 1/24/07														
65	Stafford HS	10 days	Thu 1/25/07	Wed 2/7/07														
66	Stafford MS	7 days	Thu 2/8/07	Fri 2/16/07														
67	Widewater ES	10 days	Mon 2/19/07	Fri 3/2/07														
68	VFD's, HE Motors, Prog Stats	85 days	Fri 10/13/06	Thu 2/8/07														
69	A.G. Wright MS	15 days	Fri 10/13/06	Thu 11/2/06														
70	Garrisonville ES	10 days	Fri 11/3/06	Thu 11/16/06														
71	Alvin York Bandy PDC Admin	5 days	Fri 11/17/06	Thu 11/23/06														
72	Ferry Farm ES	15 days	Fri 11/24/06	Thu 12/14/06														
73	Grafton Village ES	5 days	Fri 12/15/06	Thu 12/21/06														
74	Park Ridge ES	15 days	Fri 12/22/06	Thu 1/11/07														
75	Rockhill ES	15 days	Fri 1/12/07	Thu 2/1/07														
76	Widewater ES	5 days	Fri 2/2/07	Thu 2/8/07														
77	Vending Misers	25 days	Fri 10/27/06	Thu 11/30/06														
78	29 Buildings	25 days	Fri 10/27/06	Thu 11/30/06														
79	Owner Training and Closeout	15 days	Fri 3/23/07	Thu 4/12/07														
80	All ECMs	15 days	Fri 3/23/07	Thu 4/12/07														

External Tasks

External Milestone

Deadline

Milestone

Summary

Project Summary

Task

Split

Progress

Project: SCPS ECMS 6-14-06
Date: Wed 6/14/06

3.9 Savings Shortfalls. In the event that the Verified Savings is less than the Guaranteed Savings, required for the Guaranty Period, NORESOCO shall, upon receipt of written demand from Customer, compensate Customer the amount of any such shortfall, limited by the value of the guaranty, within thirty (30) days. Resulting compensation shall be NORESOCO's sole liability for any shortfall in the Guaranteed Savings.

3.10 Performance Deficiencies. NORESOCO shall have the right to rectify performance deficiencies which may be identified by measurements taken over the term of the contract, at its own expense, and to adjust Verified Savings accordingly.

4 Measurement & Verification Plan

4.1 Measurement and Verification. NORESOCO and the Customer agree that the Verified Savings will be determined using the following Measurement and Verification Plan. This plan verifies energy and water savings by combining industry standards and manufacturers' equipment ratings with proven engineering calculations and measurements. The objective of the plan is to cost-effectively quantify the actual electrical, fossil fuel and water usage and compare those to the specific baselines established for each ECM, the difference of which is the energy savings.

4.2 Energy Rates. The unit energy and water costs shown in the following table will be used to calculate monthly energy and water cost savings in the Engineering Calculations of energy savings during the Guaranty Period. Starting in Contract Year 2, these unit costs will be escalated at 4% per year for Electric, Natural Gas, and Water & Sewer, then will be compared to actual utility rates during each Guaranty Period, throughout the Agreement term, and the higher of these floor values or the actual rates in force will be used to determine savings.

Building	Electric (\$/kW)	Electric (\$/kWh)	Gas (\$/Therm)	Water/Sewer (\$/kgal)
A.G. Wright MS & Garrisonville ES		0.074	0.000	5.060
Aimee Building		0.068	0.000	4.910
Alvin York Bandy/PDC	8.490	0.043	0.000	0.000
Anne Moncure ES		0.071	0.000	0.000
Brooke Point HS	8.490	0.043	0.000	4.950
Colonial Forge HS	8.490	0.043	0.000	5.000
Edward E Drew MS		0.074	0.000	0.000
Falmouth ES		0.071	0.000	0.000
Ferry Farm ES	8.490	0.043	0.862	5.100
Fleet Services		1.000	0.000	5.140
Gari Melcher Complex		0.059	0.000	5.140
Grafton Village ES		0.071	0.835	5.100
Hampton Oaks ES		0.074	0.000	5.100

Hartwood ES	8.490	0.043	0.982	0.000
HH Poole		0.074	0.000	5.150
Kate Waller Barrett ES		0.074	0.566	0.000
Maintenance		0.074	0.000	0.000
Margaret Brent ES		0.106	0.000	5.140
North Stafford HS	8.490	0.043	0.000	5.020
Park Ridge ES		0.074	0.912	5.180
Rockhill ES	8.490	0.043	0.000	5.140
Rocky Run ES		0.074	0.000	5.140
Rodney Thompson MS	8.490	0.043	0.710	0.000
Stafford ES	8.490	0.043	0.000	0.000
Stafford HS	8.490	0.043	0.000	5.010
Stafford MS		0.071	0.000	5.150
T. Benton Gayle MS		0.074	0.000	5.140
Widewater ES	8.490	0.043	0.000	5.140
Winding Creek ES		0.074	0.000	0.000

4.3 M&V Descriptions: Detailed descriptions for measurement and verification methodology according to IPMVP standards are presented in the following table.

Options	Description	How Savings are Calculated
A	Performance factors are determined with spot or short-term measurements and operational factors are stipulated based on analysis of historical data or spot/short-term measurements.	Engineering calculations using spot or short-term measurements, computer simulations, and/or historical data.
B	Savings are determined by short-term or continuous measurements taken throughout the term of the contract at the device or system level. Both performance and operations factors are monitored.	Engineering calculations using metered data.
C	After project completion, savings are determined at the "whole-building" or facility level using current year and historical utility meter or sub-meter data.	Analysis of utility meter (or sub-meter) data using techniques from simple comparison to multivariate (hourly or monthly) regression analysis.
D	Savings are determined through simulation of facility components and/or the whole facility.	Calibrated energy simulation/ modeling; calibrated with utility billing data and/or end-use metering.

PERFORMANCE GUARANTY BOND

KNOW ALL MEN BY THESE PRESENTS, that we, NORESKO, LLC, a Delaware limited liability company (hereinafter called "NORESKO"), and NORESKO HOLDINGS, INC., a Delaware corporation having its principal place of business at One Research Drive, Suite 400C, Westborough, MA 01581 and authorized to transact business in the Commonwealth of Virginia as a surety (hereinafter called "Holdings"), are held and firmly bound unto the STAFFORD COUNTY SCHOOL BOARD (hereinafter called the "School Board") in the penal sum of FIVE MILLION TWO HUNDRED EIGHTY-NINE THOUSAND NINE HUNDRED EIGHTEEN and 00/100 Dollars (\$5,289,918) lawful money of the United States of America for the payment of which well and truly to be made, NORESKO and Holdings bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally and firmly by these presents.

WHEREAS, NORESKO, a wholly owned subsidiary of Holdings, and the School Board are parties to a certain Energy Services Agreement dated June 14, 2006 (the "Energy Services Agreement") relating to the procurement, delivery, installation and performance of certain energy conservation equipment, including guaranteed annual energy cost savings; and

WHEREAS, NORESKO is required pursuant to Va. Code Ann. §11-34.3(F)(2) to furnish the School Board for each year of the contract a 100% performance guarantee bond in an amount equal to, but no greater than, the guaranteed measured and verifiable annual energy cost savings set forth in the contract.

NOW, THEREFORE, THE CONDITIONS OF THE ABOVE OBLIGATIONS ARE SUCH THAT, if NORESKO and its successors or assigns, or any of them shall:

Well and truly and in good, sufficient and workmanlike manner perform or cause to be performed the Energy Savings Agreement, and each and every of the covenants, promises, agreements, warranties, and provisions to be performed by NORESKO set forth therein, in strict conformity with the plans and specifications, and complete the same within the time period specified therein, all as may be amended from time to time by the parties thereto, such that the energy cost savings in each year of the contract equal or exceed the measured and verifiable annual savings guaranteed in the Energy Savings Agreement and fully indemnify and save harmless the School Board from all costs and damages which it may suffer by reason of the failure of the annual energy cost savings to equal or exceed the measured and verifiable annual savings guaranteed in the Energy Savings Agreement for each year of the Energy Savings Agreement and fully reimburse and repay the School Board all costs and expenses which it may incur in making good any such default, then these obligations shall be null and void, otherwise they shall remain in full force and effect.

PROVIDED, HOWEVER, that this bond is subject to the following conditions and limitations. In no event shall Holdings, or its successors or assigns be liable for a greater sum than the penalty of this bond.

- (a) No action on this bond shall be brought unless within one year after the termination of the Energy Savings Agreement.

Holdings, for value received, on behalf of itself and its successors and assigns, hereby stipulates and agrees that the obligations of Holdings or its successors and assigns under this bond shall not in any manner be impaired or affected by: (a) any extension of time, modification, omission, addition or amendment of or to the Energy Savings Agreement or the work to be performed thereunder; (b) any payment thereunder before the time required therein; (c) any waiver of any provision thereof; or (d) any

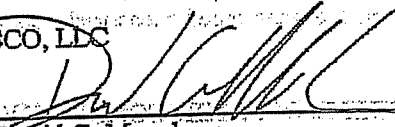
assignment, subletting or other transfer of all or of any part thereof or of any work to be performed or of any moneys due or to become due thereunder; and Holdings, for itself and its successors and assigns, does hereby waive any right to receive notice of any and all of such extensions, modifications, omissions, additions, amendments, payments, waivers, assignments, subcontracts and transfers.

The School Board's omission to call upon Holdings in any instance shall in no event release Holdings from any obligation hereunder.

All notices, requests, demands and other communications which are provided hereunder, shall be in writing and shall be deemed to have been duly given upon the hand delivery thereof during business hours, or upon the earlier of receipt or three (3) days after posting by registered mail or certified mail, return receipt requested, or on the next business day following delivery to a reliable overnight delivery service, if to NORESKO or the School Board, to the addresses set forth in the Energy Savings Agreement, and if to Holdings, to the address set forth beneath its signature.

IN WITNESS WHEREOF, NORESKO and Holdings have caused this Performance Guarantee Bond to be signed and sealed by their duly authorized officers as of the day of June 16, 2006.

NORESKO, LLC


Name: David G. Mannherz
Its: Executive Vice President

(SEAL)

By: 

Name: Kenneth G. Mattern

Assistant Corporate Secretary

Title: 

NORESKO HOLDINGS, INC.

By: 

Name: David G. Mannherz

Title: Executive Vice President

Address: One Research Drive, Suite 400C, Westborough, MA 01581

COMMONWEALTH OF MASSACHUSETTS
COUNTY OF WORCESTER

The foregoing instrument was acknowledged before me this 16th day of June, 2006,
by Alan Manning, as President on behalf of NORESCO
Holdings, Inc.

Debra M. Wagner
Notary Public

My commission expires: 5/14/2010

Term: 10 years	Vendor		Rate	Pricing	Pricing Quote Good Thru	Payment			Closing Fees	Escrow Fees	Prepayment
						Quarterly	Semi-annual	Annual			
	CitiCapital		4.0950%	10 yr T-note SW/AP of 5.58%	6/30/2006 After 10 bp lno rate lno of 6.5 bp	\$ 97,915.00	\$ 199,603.09	\$ 399,284.62	None	None	Any time @ 102% of prin bal
	Bank of America		4.0512%	Avg 11le 7 year Treasury times .55 plus 60 bps spread	7/12/2006 After date rate diverts to pricing rate	\$ 97,667.51	\$ 196,130.20	\$ 395,426.12	None	None	No prepay in 1st 24 months - no penalty on prepay after 24 months
	Payment difference					\$ (247.49)	\$ (472.86)	\$ (959.40)			
	Annual payment difference					\$ (989.96)	\$ (945.72)	\$ (959.40)			
	Life of lease payment difference					\$ (9,999.60)	\$ (9,457.20)	\$ (9,594.00)			

Stafford County Public Schools
Municipal Tax Exempt Lease/Purchase
Financing Comparison
Energy Services Contract
June 20, 2006

Term: 10 years

Vendor	Rate	Pricing	Pricing Good Thru	Quarterly Payment	Semi-annual Payment	Annual Payment	Closing Fees	Escrow Fees	Prepayment
ChilCapital	4.0950%	10 yr T-note SWAP of 5.50%	6/30/2006 After 10 bp inc rate inc of 0.5 bp	\$ 97,915.00	\$196,803.06	\$396,294.52	None	None	Any time @ 102% of prin bal
		Avg 11e 7 year Treasury times .65 plus 80 bps spread	After date rate diverges to pricing rate	\$ (247.48)	\$ (472.86)	\$ (658.40)	None	None	
Payment difference				\$ (989.98)	\$ (945.72)	\$ (658.40)			
Annual payment difference				\$ (9,457.20)	\$ (9,457.20)	\$ (8,584.00)			
Life of lease payment difference									

§ 11-34.3. Energy Performance-Based Contract Procedures; required contract provisions.

A. Any contracting entity may enter into an energy performance-based contract with an energy performance contractor to significantly reduce energy costs to a level established by the public body or operating costs of a facility through one or more energy conservation or operational efficiency measures.

B. The energy performance contractor shall be selected through competitive sealed bidding or competitive negotiation as defined in § 11-37. The evaluation of the request for proposal shall analyze the estimates of all costs of installation, maintenance, repairs, debt service, post installation project monitoring and reporting.

C. Before entering into a contract for energy conservation measures and facility technology infrastructure upgrades and modernization measures, the contracting entity shall require the performance contractor to provide a payment and performance bond relating to the installation of energy conservation measures and facility technology infrastructure upgrades and modernization measures in the amount the contracting entity finds reasonable and necessary to protect its interests.

D. Prior to the design and installation of the energy conservation measure, the contracting entity shall obtain from the energy performance contractor a report disclosing all costs associated with the energy conservation measure and providing an estimate of the amount of the energy cost savings. After reviewing the report, the contracting entity may enter into an energy performance-based contract if it finds (i) the amount the entity would spend on the energy conservation measures and facility and technology infrastructure upgrades and modernization measures recommended in the report will not exceed the amount to be saved in energy and operation costs more than 20 years from the date of installation, based on life-cycle costing calculations, if the recommendations in the report were followed and (ii) the energy performance contractor provides a written guarantee that the energy and operating cost savings will meet or exceed the costs of the system. The contract may provide for payments over a period of time not to exceed 20 years.

E. The term of any energy performance-based contract shall expire at the end of each fiscal year but may be renewed annually up to 20 years, subject to the contracting entity making sufficient annual appropriations based upon continued realized cost savings. Such contracts shall stipulate that the agreement does not constitute a debt, liability, or obligation of the contracting entity, or a pledge of the faith and credit of the contracting entity. Such contract may also provide capital contributions for the purchase and installation of energy conservation and facility and technology infrastructure upgrades and modernization measures that cannot be totally funded by the energy and operational savings.

F. An energy performance-based contract shall include the following provisions:

1. A guarantee by the energy performance contractor that annual energy and operational cost savings will meet or exceed the amortized cost of energy conservation measures. The guaranteed energy savings contract shall include a written guarantee of the qualified provider that either the energy or operational cost savings, or both, will meet or exceed within 20 years the costs of the energy and operational savings measures. The qualified provider shall reimburse the contracting entity for any shortfall of guaranteed energy savings projected in the contract.

2. A requirement that the energy performance contractor to whom the contract is awarded provide a 100 percent performance guarantee bond to the contracting entity for the installation and faithful performance of the installed energy savings measures as outlined in the contract document.

3. A requirement that the energy performance contractor provide to the contracting entity an annual reconciliation of the guaranteed energy cost savings. The energy performance contractor shall be liable for any annual savings shortfall that may occur.

(2001, c. 219; 2004, c. 197.)

Attachment 3

From: "Williams, Lisa M." <lwilliams@mcguirewoods.com>
To: "Gladys Gomez" <gomezgm@staffordschools.net>
Date: 7/11/2006 11:58:55 AM
Subject: Energy Equipment Lease - Agenda Item

This is the language I would like to have added.

Thanks

Lisa Medina Williams
Associate
McGuireWoods LLP
One James Center
901 East Cary Street
Richmond, Virginia 23219
Direct: 804.775.4702
Fax: 804.698.2228

This e-mail may contain confidential or privileged information. If you are not the intended recipient, please advise by return e-mail and delete immediately without reading or forwarding to others. _____

The following statement is provided pursuant to U.S. Treasury Department Regulations: This communication is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that the Internal Revenue Service may impose on the taxpayer.

-----Original Message-----

From: LMWILLIA [mailto:lwilliams@mcguirewoods.com]
Sent: Tuesday, July 11, 2006 11:22 AM
To: Williams, Lisa M.
Subject:

Please open the attached document.
This document was sent to you using an HP Digital Sender.

Sent by: LMWILLIA <lwilliams@mcguirewoods.com>
Number of pages: 2
Document type: B/W Document
Attachment File Format: Adobe PDF

To view this document you need to use the Adobe Acrobat Reader. For free copy of the Acrobat reader please visit:

<http://www.adobe.com>

For more information on the HP Digital Sender please visit:

<http://www.digitalsender.hp.com>

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Change and Award of Contract: Energy Lease

ITEM NO: 13F

PREPARED BY:

MEETING: July 11, 2006

ACTION DATE: July 11, 2006

Wayne Carruthers
Assistant Superintendent of
Financial Services

Gladys Gomez
Director of Finance & Accounting

André A. Nougaret
Assistant Superintendent for
Support Services

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the award of lease/purchase financing to CitiCapital, 993 Saye Creek Drive, Madison, GA 30650 in the amount of \$3,143,898 on the terms negotiated by school officials, with the advice of the School Board Attorney and authorize Assistant Superintendent for Finance to execute on behalf of the School Board the agreements and related documents for these services/improvements and the lease/purchasing financing.

KEY POINTS:

And that the School Board

- At the June 20, 2006 School Board meeting, Agenda Item 13F "Energy Performance Contracting" was approved by the School Board. Attachment #1 includes this agenda item as it contains all relevant background information including the Energy Services Agreement that was reviewed and approved by the School Board Counsel. *ratify all actions taken by the authorized school officials with respect to the Energy Performance Contracting*
- Funding will be provided by a tax exempt municipal lease. Competitive responses to our RFP were received from eight (8) financing institutions at a June 12, 2006 bid opening. Originally Bank of America was identified as the low and responsive bidder and presented to the School Board for approval at the June 20, 2006 meeting. *school officials with respect to the Energy Performance Contracting*
- Subsequent to the June 20, 2006 School Board meeting, the original approved bidder, Bank of America, was unable to meet the requirements of the RFP. As the next low and responsive bidder, Citicapital was contacted and updated terms were obtained since Citicapital's original RFP response had expired on June 30, 2006. *lease purchase financing thereto*
- It has been determined that an annual percentage rate of 4.2450% will be secured through CitiCapital if closed on or before July 30, 2006. This lease will fund project costs. Project funding will be placed in escrow and dispersed as needed during

the construction period with earned interest accruing to the benefit to Stafford County Public Schools. Project payments will be repaid over a 10-year term, quarterly in arrears, whichever is most beneficial to Stafford County Public Schools. Annual guaranteed savings amount identified in the Noresco Energy Services Agreement will be sufficient to fund lease payments throughout the term of agreement. **As a result project is self-funded.**

- Additional information will be shared at the July 11, 2006 School Board meeting.

SCHOOL BOARD GOAL: Goal #5: Provide facilities that promote student learning and community support.

Goal #7: Provide school environments where teachers are safe to teach and students are safe to learn.

FUNDING SOURCE: Lease payments will be funded through the guaranteed utility cost savings.

AUTHORIZATION REFERENCE: Section 11-34.3 Code of Virginia – Energy Performance –
February 8, 2006 Based Contract Procedures
School Board Policy 4-32
School Board Policy 4-28

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Litigation Briefing – Closed Session -
2.2-3711(A)(7)

ITEM NO: 4

PREPARED BY: Daryl Nelson 
Executive Director of
Administrative Services

MEETING: August 2, 2006
ACTION DATE: N/A
INFORMATION ONLY: N/A

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board members go into closed session for a litigation briefing.

KEY POINTS:

SCHOOL BOARD GOAL: Not applicable.

FUNDING SOURCE: Not applicable.

AUTHORIZATION REFERENCE: Code of Virginia 2.2-3711(A)(7)

Suggested Closed Session Motion

Pursuant to Section 2.2-3711 (A) of the Code of Virginia, I move that the Board convene a closed meeting for the purpose of discussing the following specific matter(s):

To discuss litigation matters, as authorized by Section 2.2-3711 (A)(7) of the Code of Virginia.

Certification of Closed Meeting

Whereas, the Stafford County School Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act, and

Whereas, Section 2.2-3712 of the Code of Virginia requires certification by this School Board that such closed meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved, that the Stafford County School Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered.

Motion: _____

Second: _____